

Mr. S. RANGARAMIAH.—What is the total number of hand-loom which are idle? Has any attempt been made to collect statistics?

Mr. M. S. RAMCHENDRA RAO.—Notice.

Mr. S. RANGARAMIAH.—Is the scheme envisaged by the Director of Industries and Commerce proposed to be worked on a co-operative basis? If so, where will the central society be located?

Mr. M. S. RAMCHENDRA RAO.—Yes. The central society will be located at Bangalore, and the primary societies, wherever there are a sufficient number of weavers. The society already established at Bangalore may as well be converted into a central society.

Mr. S. RANGARAMIAH.—Will the Government give any subvention to the society?

Mr. M. S. RAMCHENDRA RAO.—Yes. They will also give it the services of a designer and a marketing officer. Depots will be opened and selling arrangements also made.

Mr. SURYANARAYANA RAO.—When will all this be done?

Mr. M. S. RAMCHENDRA RAO.—Proposals are already under consideration.

Mr. T. L. GANGOJI RAO.—Why are there more power-loom in Dodballapur, though facilities are greater in Bangalore?

Mr. M. S. RAMCHENDRA RAO.—I cannot say. Perhaps it is due to the fact that there are weavers there from time immemorial.

Mr. T. L. GANGOJI RAO.—Is it not due to the fact that no octroi duty is levied on foreign silk imported into that place while a heavy duty is levied on all silk imported into Bangalore?

Mr. M. S. RAMCHENDRA RAO.—I think octroi duty is being levied in both the places.

Mr. T. L. GANGOJI RAO.—What are the facilities given to the hand-loom weavers by the society at Bangalore?

Mr. M. S. RAMCHENDRA RAO.—I shall take another opportunity to explain all that.

Mr. S. RAMAPPA.—Has any provision been made in the current year's budget for purposes of demonstration?

Mr. M. S. RAMCHENDRA RAO.—Yes. The weaving demonstrators tour from place to place and teach the weavers newer designs and improved methods. Twenty to twenty-five villages in each district are selected every year.

Mr. S. RAMAPPA.—Why not establish a regular school for this purpose?

Mr. M. S. RAMCHENDRA RAO.—That has also been done. In Dodballapur, Gudibanda and some other places, there are schools. But the system of demonstrators going to the very doors of the weavers and demonstrating improved methods to the weavers is considered a more effective way of educating the weavers.

Mr. K. L. NANJAPPA NADIG.—Has any place in the Krishnarajpet Taluk been selected for purposes of these demonstrations?

Mr. M. S. RAMCHENDRA RAO.—In Ramasamudra, for example, it has been done, and Kikkeri will be taken up soon.

Mr. KHAJI SYED YUSUF SAHIB.—Power-loom manufacture is less costly than hand-loom manufacture. Why not Government think of increasing the cost of power supplied to power looms so that the hand-loom weavers may be benefited?

Mr. M. S. RAMCHENDRA RAO.—The rate for power is already high enough and it may not be advisable to further enhance it.

Mr. Shampur PAPANNA.—Are the Government aware that unhealthy competition is prevailing amongst the weavers, and if so, how will they try to discourage the same?

Mr. M. S. RAMCHENDRA RAO.—They are aware. If all the weavers unite and take the advice of the Government in the matter, all of them will stand to benefit by it.

GOVERNMENT BUSINESS—*contd.*

V. General Principles of the Bill to provide for the Establishment and Better Regulation of Agricultural Markets in the Mysore State.

The SECRETARY to GOVERNMENT, DEVELOPMENT DEPARTMENT (Mr. M. Venkatanarayanappa), in explaining the

necessity for this measure, said that a resolution had been moved by Mr. D. H. Chandrasekharaiya in the Legislative Council in January 1937 to the effect that a committee be appointed to study the problems of cultivation of commercial crops, *viz.*, cotton, groundnut and tobacco, and Government had referred the matter to the Board of Industries and Commerce. That Board had appointed a sub-committee to examine the question and its recommendations were now before the Government. It suggested that with a view to improve the marketing facilities in respect of commercial crops, regulated markets should be established in places like Chitaldrug and Davangere. With this object in view, the proposed bill was contemplated, though its application was never intended to be restricted to the Chitaldrug District. The law was elastic enough to be applied even to the State as a whole, if need be, and had been drafted on the model of similar Acts in force in Central Provinces, Bombay, etc.

The SECRETARY then explained the general principles of the bill as follows :—

Considering the disabilities under which the cultivator labours in selling his produce, the Royal Commission on Agriculture recommended the establishment of regulated markets as a most "hopeful solution of the cultivator's marketing difficulties." They considered that the establishment of regulated markets must form an essential part of any ordered plan of agricultural development in the country.

The facts elicited during the recent marketing surveys point to the same conclusion. These surveys have shown that owing to the prevalence of uneconomic and fraudulent practices in the marketing of agricultural produce, the cultivator gets much less than his due share of the price paid by the ultimate consumer. The Marketing Officers' Conference held at Simla in September 1937 accordingly recommended legislation for the establishment of regulated markets in Provinces and States where such legislation had not already been introduced.

A similar recommendation has been made, with reference to cotton in the

Chitaldrug District, by a Sub-Committee of the Board of Industries and Commerce in Mysore, which surveyed the conditions of cultivation and marketing of commercial crops in that district. It is believed that the cotton-growers and many of the merchants in cotton in the State also favour such legislation.

Government propose to introduce at the next session of the Legislative Council a bill on the lines of the accompanying draft, with a view to the establishment of regulated markets for cotton at Chitaldrug and Davangere, in the first instance. At the same time, the bill is wide enough in its scope to admit of similar action being taken in other places and in respect of other agricultural produce (including dairy products) should the need and opportunity arise.

According to the bill, Government may, after consulting the local bodies concerned, declare any place as a market for specified agricultural produce. Subject to rules framed by Government, the market will be under the control of a committee in the composition of which the representatives of the growers as well as of the traders in the market will be represented. The committee will be a body corporate administering the market fund and exercising the powers conferred upon it for regulating transactions, settling disputes, etc.

When a place has been declared as a market, no person may set up, continue or allow to be continued, any private market in the immediate vicinity of the regulated market except with the sanction of Government and on such terms as may be prescribed in such sanction. It is, however, to be noted that this will not preclude the grower of agricultural produce from selling or offering for sale such produce outside the premises of the market.

Draft Bill to provide for the Establishment and the Better Regulation of Agricultural Markets in Mysore State.

Preamble.—Whereas it is expedient to provide for the establishment of open markets for the purchase and sale of:

cotton and of other agricultural produce in the State and for the better regulation of such markets: It is hereby enacted as follows:—

1. *Short Title.*—This Act may be called the Mysore Agricultural Produce Market Act, 1938.

2. *Extent and Commencement.*—It extends to the whole of Mysore. It shall come into force on such date as the Government may, by notification in the Official Gazette, appoint.

3. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context:—

(a) "Agricultural Produce" means any produce of agriculture or horticulture, and includes all produce of animals and their hides, skins and wool, and any article of food or drink wholly or partially manufactured from agricultural produce and declared by the Government of His Highness the Maharaja of Mysore by notification in the Official Gazette to be agricultural produce for the purpose of this Act.

(b) "Cotton" includes ginned cotton, unginned cotton and cotton-waste.

(c) "Market" means a market established under Section 4.

(d) "Grower of cotton or other agricultural produce" shall not include a dealer or broker in cotton or other agricultural produce although such a person may grow the same. If a question arises whether any person is a grower or not for the purpose of this Act, the decision of the Deputy Commissioner of the District in which the person permanently resides shall be final.

(e) "Local body" means the district board, municipal committee or a union board, duly constituted, as the case may be.

(f) "Notified area" means an area notified under Section 4.

(g) "Prescribed" means prescribed by the rules or the bye-laws under this Act.

4. (1) *Notification regarding the Establishment of an Agricultural Produce or Cotton Market.*—The Government may, after consulting the district board and such other local authorities as they deem necessary or upon a

representation made by such local authorities, by notification in the official Gazette, declare that any place shall be a market established under this Act either for agricultural produce or for cotton or for both.

(2) Every such notification shall define the limits of the markets so established, and may, for the purposes of this Act, include within such limits such local area as the Government may prescribe.

5. *The Market Committee.*—For every market there shall be a market committee. The market committee shall be constituted as prescribed and shall consist of not less than twelve and not more than sixteen members. Of these, not less than half shall be persons elected by or nominated from among the growers of agricultural produce or cotton of such area as the Government may prescribe, one shall be a member nominated by the Government, one shall be elected by the district board of the district in which the market for cotton or agricultural produce is situated, one by the municipality, if any, of the area in which the market is situated, and the remainder shall be elected by the traders in the market in such manner as may be prescribed.

It shall be the duty of the market committee to enforce the provisions of this Act and the rules and bye-laws made thereunder in such notified area, for the purpose of regulating the purchase and sale of agricultural produce.

6. *Rules.*—(1) The Government may, either generally, or specially for any market or group of such markets, make rules consistent with this Act for the purpose of the management and regulation of such markets under this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for or regulate:—

(i) the election and nomination of members of the market committee, the number of members to be nominated or elected by such of the

- bodies or groups of individuals referred to in Section 5 and the manner of nomination or election, the preparation and revision of lists of voters from time to time, the payment of all expenditure in connection with or incidental to such nomination or election and the terms of office of such members ;
- (ii) the powers to be exercised by the market committee ;
 - (iii) the election of the chairman of such committee and his term of office ;
 - (iv) the filling of casual vacancies in the offices of members or in the office of the chairman of the committee ;
 - (v) the management of the market and the prescribing of the fees by the market committee, and subject to the provisions of this Act, the collection and disposal of such fees ;
 - (vi) the issue by the market committee of licences to brokers, weighmen, measurers, surveyors and warehousemen and other persons using the market, the form in which and the conditions under which such licences shall be issued, and the fees to be charged for such licences ;
 - (vii) the place or places at which cotton or agricultural produce shall be weighed or measured and the kind and description of the scales, weights and measures to be used at such place or places ;
 - (viii) the periodical inspection, verification and correction of all scales, weights and measures in use in the market ;
 - (ix) the trade allowances which may be made or received by any person in any transaction in an agricultural produce in a market ;
 - (x) the provision of any facilities for the settlement of any dispute between a buyer and a seller of any agricultural produce in the market or their agents including disputes regarding the quality or weight of the cotton or agricultural produce, the price or rate to be paid, the allowances for wrappings, dirt or impurities or deductions for any cause ;
 - (xi) the prohibition of brokers from acting on behalf of both the buyer and seller in any transaction ;
 - (xii) the manner in which the auctions shall be conducted and bids made and accepted in any market ;
 - (xiii) the provision of storage arrangements for cotton and agricultural produce brought into the market and charges to be levied for the same ;
 - (xiv) the preparation of the plans and estimates for works proposed to be constructed partly or wholly at the expense of the market committee, and the grant of sanction to such plans and estimates ;
 - (xv) the form in which the accounts of the market committee shall be kept, the manner in which they shall be audited, and the time or times at which they shall be published as also the charges, if any, to be made for such audit ;
 - (xvi) the preparation of an annual budget and its submission for sanction and the reports and returns which shall be furnished by the market committee ;
 - (xvii) the disposal of any surplus funds of the market committee ;
 - (xviii) generally for the guidance of the market committee.
- (3) Any such rules may, when necessary, provide that any contravention

thereof or of any of the conditions of any licence issued thereunder shall on conviction by a magistrate be punishable with fine which may extend to five hundred rupees.

(4) (a) All rules made under this section shall be subject to previous application.

(b) Any rule shall, however, be liable to be rescinded or modified, subject to previous publication.

7. *Bye-laws.*—Subject to any rules made by the Government under the last preceding section and with the previous sanction of such officer as may be appointed by Government in this behalf the market committee may, in respect of the market under its management, make bye-laws for the regulation of the business and the conditions of trading in such market and may provide that contravention thereof shall on conviction by a magistrate be punishable with fine which may extend to fifty rupees.

8. *Sub-Committees and Joint Committees and Delegation of Powers.*—The market committee may appoint three or more of its members to be a sub-committee or to be a joint committee for the conduct of any work or works or to report on any matter or matters, and may delegate to any one or more of its members such of its own powers as may be necessary.

9. (1) *Appointments and Salaries of Servants of the Market Committee.*—Subject to such rules as may be made by the Government in this behalf, the market committee may employ such officers and servants as may be necessary for the management of the market and may pay such officers and servants such salaries as the committee thinks fit and shall have power to control and punish them. The committee may, in the case of any officer or servant of Government which it employs, pay such pension, contribution, gratuity or leave allowance as may be required by the regulations made by Government in this behalf and for the time being in force.

(2) The committee may also, in the case of any of its officers and servants, provide for the payment to them of such leave allowances, pensions or

gratuities as it deems proper; and may contribute to any provident fund which may be established for the benefit of such officers and servants.

(3) The powers conferred by this section on the market committee shall be exercised, subject to any rules which may be made in this behalf by the Government.

10. (1) *Contracts How Executed.*—Every contract entered into by the market committee shall be in writing and shall be signed on behalf of the market committee by the chairman and two other members of the market committee.

(2) No contract other than a contract executed as provided in Sub-section (1) shall be binding on a market committee.

11. (1) *The Market Committee Fund.*—All moneys received by a market committee shall be paid into a fund to be called the "Market Committee Fund" and all expenditure incurred by the market committee under or for the purposes of this Act shall be defrayed out of the said fund and any surplus remaining after such expenditure has been met shall be invested as may be prescribed in the rules made in this behalf.

(2) Every market committee shall pay to the Government, out of its fund, the cost of any special or additional staff employed by the Government, in consultation with the committee, for giving effect to the provisions of this Act, in the market concerned.

(3) The Government shall determine the cost of such special or additional staff and shall, where the staff is employed for the purposes of more than one market committee, apportion such cost among the committees concerned in such manner as they think fit. The decision of the Government determining the amount payable by any market committee shall be final.

12. *Purpose for which the Market Committee Fund may be expended.*—Subject to the provisions of Section 11, the market committee fund shall be expended for the following purposes only:—

(i) the maintenance and improvement of the market;

(ii) the construction and repair of buildings which are necessary for the purpose of such market and for the health, convenience and safety of the persons using it;

(iii) the pay, pensions, leave allowances, gratuities and pensions or provident fund contributions of the officers and servants employed by the market committee;

(iv) the expenses of and incidental to election;

(v) the acquisition of a site or sites for the market;

(vi) the provision and maintenance of standard weights and measures;

(vii) the payment of interest on loans that may be raised for purposes of the market and the provision of a sinking fund in respect of such loans;

(viii) the collection and dissemination of information regarding all matters relating to crop statistics and marketing in respect of the agricultural crops concerned; and

(ix) propaganda in favour of agricultural improvement and thrift.

13. *No Trade Allowance not recognised by Customs or Rules allowable*.—No trade allowance, other than an allowance prescribed by rules or bye-laws made under this Act, shall be made or received by any person in any transaction in a market established under this Act and no civil court shall, in any suit or proceeding arising out of any transaction in any such market, have regard to any trade allowance not so prescribed.

Explanation.—Every deduction other than deductions on account of deviation from sample when the purchase is made by reference to a sample, or on account of deviation from standard, when the purchase is made by reference to a known standard, or on account of difference between the actual weight of the sacking and the standard weight, or on account of the admixture of foreign matter, shall be regarded as a trade allowance for the purposes of this Act.

14. *Market Committee to be a Body Corporate*.—Every market committee shall be a body corporate by the name of the "The Market Committee of " and shall have perpetual succe-

sion and a common seal, and may sue and be sued in its corporate name, and shall be competent to acquire and hold property both movable and immovable, to lease, sell or otherwise transfer any movable or immovable property which may have become vested in or been acquired by it, and to contract and do all other things necessary for the purpose for which it is established.

15. (1) *Power to Borrow*.—Every market committee may, with the previous sanction of the Government, raise the money required for carrying out the purposes of this Act on the security of any property vested in and belonging to the market committee, and of any fees leviable by the market committee under this Act. The committee may, for the purpose of meeting the initial expenditure on lands, buildings and equipment required for establishing the market, obtain a loan from the Government.

(2) The conditions under which such money shall be raised and the time within which the same shall be repayable shall be subject to the previous sanction of Government.

16. (1) *Supersession of Market Committee*.—If in the opinion of Government a market committee is not competent to perform or persistently makes default in the performance of the duties imposed on it by or under this Act, or exceeds or abuses its powers, Government may, by an order published in the Official Gazette, declare such market committee to be incompetent, or in default, or to have exceeded or abused its powers, as the case may be, and may supersede it.

Provided that before issuing a notification under this sub-section, the Government shall give a reasonable opportunity to the market committee for showing cause against the proposal and shall consider the explanations and objections, if any, of the said committee.

(2) When a market committee has been superseded, all members of the committee shall as from the date of the order vacate their offices as members.

(3) When a market committee has been superseded the Government may,

at their discretion, by order, either constitute a new committee under Section 5, or make such arrangements for the carrying out of the functions of the committee as the Government think fit.

(4) When a market committee has been superseded all property and rights vested in it shall, subject to all charges and liabilities affecting the same, vest in Government.

Provided that if the Government make an order under Sub-section (3), they shall transfer the assets and liabilities of the market committee as on the date of such transfer, to the new committee constituted under Section 5 or to the person, or persons if any, appointed for carrying out the functions of the committee, as the case may be.

Provided, further that if no new market committee is constituted for the market under Section 5, all property that shall remain after the satisfaction of all the debts and liabilities of the superseded market committee shall vest in the local authority of the area in which the market is situated for the purpose of any object of public utility in the said area.

Any local authority to which any assets have been transferred under the latter proviso shall employ such assets for any object of public utility in the area within its jurisdiction.

17. *No Private Market to be opened in or near places declared to be Markets.*—Wherever the Government has, by a notification under Section 4, declared any place to be a market, no person shall, within the limits of such market or within a distance thereof to be notified in the Official Gazette in this behalf in each case by Government, except with the sanction in writing of the Government expressed over the signature of a Secretary to Government and subject to such conditions as may be imposed in such sanction, set up, establish or continue or allow to be continued any market for the purpose of the purchase and sale of cotton or agricultural produce as the case may be.

Explanation.—A person shall not be deemed to set up, establish or continue or allow to be continued a place as a

market for the purpose of the purchase and sale of cotton or agricultural produce, if he sells his own cotton or agricultural produce outside the premises set apart by the market committee for the purpose of purchase and sale of cotton or agricultural produce.

18. *Penalties.*—Whoever in contravention of this Act, sets up, establishes, continues or allows to be continued any market for the purpose of the purchase and sale of cotton or agricultural produce or violates the conditions under which he has been allowed to set up establish, or continue, any such market, shall on conviction by a magistrate be punished with fine which may extend to Rs. 500 and in case of a continuing breach of the provisions of Section 17, with fine which may extend to Rs. 100 for each day after the first, during which the breach continues.

19. *Offences to be triable only by a First Class Magistrate.*—(i) No offence under this Act or under any rule made under Section 6 or under any bye-laws made under Section 7, shall be triable by a Magistrate other than a Magistrate of the First Class.

(ii) All fines and damages recovered from an offender shall be paid to the market committee.

(iii) Prosecutions under this Act may be instituted by any person duly authorised in writing by the market committee or by an officer designated by Government in this behalf.

20. With the previous sanction of the Government which may be accorded by general or special order, the of the district may, by an order in writing, delegate to any executive officer, not below the rank of a all or any of his powers or duties under this Act or the rules framed thereunder

Mr. K. V. SUBRAHMANYA SWAMY enquired whether sericulture also would come within the scope of this legislation.

The DIRECTOR of INDUSTRIES and COMMERCE (Mr. M. S. Ramchandra Rao) replied that so far as the sericultural industry was concerned, marketing facilities were not lacking. But there was nothing to prevent sericulture also

being included in this. For the present, however, the object of the Government was to restrict the application of the measure to cotton, tobacco and ground-nut.

MR. KRISHNA RAO GANESHA RAO GURUJAR requested that cardamom also should be brought within the scope of the bill.

MR. M. S. RAMCHENDRA RAO said that any crop could be brought under the scope of the bill.

The **SECOND MEMBER of COUNCIL (Rajamantrapravina N. Madhava Rau)** observed that when the resolution was moved in the Legislative Council and the Special Committee was appointed, only three commercial crops were in view. But the bill since framed and placed before the House had been so designed as to include within its scope any agricultural crop raised in the State:

MR. T. MADIAH GOWDA supported the measure. In doing so, he said that the Government had framed it in such a manner that it would benefit the producer, the middleman, the seller and the consumer. More than all, the raiyat would get the largest benefit. Time and again, the members had been bringing to the notice of the Government that the producer was not getting his due share of the price paid by the ultimate purchaser, and had also to pay twice the amount when he wanted to purchase the same article for his own use, and that such a situation should not be allowed to continue. Unless the cultivator got the full value for his produce, there was no scope for agriculture to prosper as an industry. As this bill was designed to help the agriculturists, it deserved the support of every section of the House. It would ensure for the raiyat a reasonable price for his produce and provide markets for selling it in. There would be no risk of his being duped by the middlemen. At the same time, no honest commission agent would be affected by this measure. In all these ways the bill would do good to the agriculturist. Again, different markets were using different weights and measures at present and there was no proper inspection and no control over them. The bill provided for the

appointment of a Market Committee which would remedy these defects and settle disputes if any. The inconvenience and loss which the raiyats were sustaining now on account of the system of auctioning the supplies at the *mandies* would be put an end to. Above all, there was provision for the grading of articles. By this a confidence would be created in the minds of purchasers that they would get the best article for the money they paid and this would in turn facilitate trade with foreign countries to a great extent. In all these ways, the measure was a most beneficial one.

Continuing, **MR. MADIAH GOWDA** said that in the preamble of the bill, the words "Cotton and other agricultural produce" had been used. This had given rise to some doubt in the minds of the members that the facilities which might be given for cotton might not be available in the case of other agricultural crops. Otherwise there was no need to mention "cotton," specially in the preamble. He would be glad if the Government could clearly state that the measure was calculated to help the growers of other agricultural crops as well.

MR. M. S. RAMCHENDRA RAO said that there was no room for any such doubt as the term "agricultural produce" had been defined in the bill to mean any produce of agriculture or horticulture. The object was to make it applicable, in course of time, to all commercial crops of importance in each particular area such as copra in the Arsikere and Tiptur Taluks, cotton in the Chitaldrug District, coffee, potatoes, onions, etc.

MR. N. MADHAVA RAU said that throughout India, under similar laws, special markets had so far been established only for cotton. That was the only reason why the word "cotton" was specially put in the preamble.

Rao Sahib M. RAMASWAMI suggested that this law should apply even to milk.

Continuing, **MR. MADIAH GOWDA** pointed out that there was provision in the bill for a person to sell his produce in any place outside the premises

declared by the Market Committee to be a market. In the explanation to clause 17, the words used were "if he sells his own cotton or agricultural produce." The moment a person purchased an article, it would become his. This would give room for people who were not agriculturists to establish markets elsewhere.

Mr. N. MADHAVA RAU said that the permission contemplated in the exception to clause 17 was meant to apply to persons growing the crop and not to others who might purchase the crop with the object of selling it.

Mr. MADIAH GOWDA then suggested that this intention be made clear.

The suggestion was noted.

As regards the supersession of the Market Committee for unsatisfactory work, **Mr. MADIAH GOWDA** said that supersession would not be the proper remedy. If a committee was not working well, the best thing to do would be to dissolve it and appoint another committee instead. Supersession would mean the Government taking over and managing the duties of these bodies which the Government could not do effectively. Not only that, people also would lose their confidence in committees generally.

In conclusion, he said that certain minor details also needed looking into, but this could be done at the select committee stage later on. On the whole, this was a very beneficial measure and the speaker had no doubt that it deserved the support of the entire House.

Mr. K. BHEEMAPPA NAIK also supported the measure. He said that at present there were some market committees functioning in the Chitaldrug District. But they were not following any rules; and there were no representatives on the committees. No one had any control over them. So, he thanked the Government for providing representation to the raiyats on the committee.

Continuing, he said that cotton-growers were experiencing a lot of difficulty in respect of the sale of their crops. The provision for the appointment of a marketing committee and empowering

them to look into all the facilities and requirements of the cotton-growers and also examine the weights, etc., would go a long way to minimise the difficulty. But if a committee did not work properly he agreed with the previous speaker that the best way of dealing with it would be to dissolve it and appoint a better committee instead. Supersession was bound to dislocate work.

Referring to the items constituting the market committee fund, he said that it was not clear from the measure what the quota of the district boards or of the municipalities would be; whether the Government would give any grant, etc. He preferred that the proportions in which these bodies should contribute funds should be mentioned in the bill itself and definite items of revenue made available to the committee. Also it was not known whether the fees which the committee would be empowered to prescribe would include brokerage, and it would be well if this point also was made clear. Godowns to stock the unsold supplies would be necessary and the question as to who should construct them also should be made clear.

Mr. N. MADHAVA RAU said that brokerage was included in the fees and that all these were matters of detail which ought to come under the bye-laws, and could not be included in the Act itself.

Mr. BHEEMAPPA NAIK said that he was only mentioning them as points which should be taken into consideration either in the Act or at least in the bye-laws. He was glad that ground-nut also had been brought within the scope of the bill. He requested that similarly all commercial crops should be brought within the scope of the bill immediately. Applying it to cotton alone would not be of much advantage. In conclusion, he thanked the Government for proposing the measure.

Mr. Y. V. MUNISWAMI IYER also supported the bill. He thanked the members of the Congress Party for having supported the measure and expressed the hope that they would

similarly co-operate with the Government in future.

Mr. Rayara KEMPANNA, in further supporting the measure, suggested that it might be made a rule that a majority of the members of the Market Committee should be selected from among agriculturists.

Mr. Shampur PAPANNA also supported the measure and thanked the Government for having proposed it. He requested that the cloth market also should be included within the scope of the law with a view to help the weavers.

Mr. B. CHAMAIYA thought that for growers of paddy, jola, ragi, etc., similar facilities were urgently necessary.

Mr. N. MADHAVA RAU observed that as regards paddy, there should be organisations of a different type to safeguard the interests of the trade. In respect of other crops also, it might be possible to formulate workable schemes if all the concerned parties combined together and worked in a co-operative spirit.

The general principles of the bill were thereupon unanimously accepted by the House.

VI. General Principles of the Tea Control Bill.

The SECRETARY to GOVERNMENT, DEVELOPMENT DEPARTMENT (Mr. M. Venkatanaranappa) explained the general principles of the bill as follows:—

In accordance with an international scheme for restricting the production of tea, the Indian Tea Control Act, 1933, was enacted in British India. In conformity with that scheme, expansion of tea cultivation in Mysore was restricted by Notification No. Camp D.46—A. & E. 219-33-16-F, dated 19th June 1934. That scheme expired both in British India and Mysore on 31st March 1938. On the agreement of the representatives of the Tea Industry, the scheme has been extended for a further period of five years and the Indian Tea Control Act, 1938, has been passed. The operation of the scheme has also been extended in Mysore by Notification No. D. 8535—

A. & E. 80-37-4, dated 7th May 1938. In order that the tea estates in Mysore may be able to procure export licences from the Committee constituted under the Indian Tea Control Act, 1938, to the extent of their quota based on the crop basis, it is necessary to pass a legislative enactment providing for the control of export of tea from and for the control of the extension of the cultivation of tea in the State.

It is proposed to introduce legislation in order to give legal sanction for the measures to be taken to control effectively the expansion of cultivation of tea in the State. No tea can be exported out of India to any place specified by Government unless it is covered by a licence granted by the Committee constituted under the Indian Tea Control Act, 1938. No land which was not planted with tea on the 31st March 1938 can be planted with tea without the written permission of Government.

Powers of Government relating to control on extension of tea cultivation may be delegated to the Committee. Appeals against the decisions of the Committee will, however, lie with Government.

Mr. H. K. VEERANNA GOWDA, speaking on behalf of the Congress Party, said that the party had decided to support the bill because it would not only control the extension of tea cultivation in the State but would also encourage the planters to maintain their estates in an efficient condition with a view to getting their quota. He then wished to know whether there would be only official members on the committee referred to in the statement or persons representing any other interest.

The SECOND MEMBER (Rajamantrapravina N. Madhava Rau) replied that the committee would be thoroughly representative.

Mr. S. RANGARAMIAH pointed out that while the South Indian Tea planters and the Travancore State had their own representatives on the Committee, Mysore had no representative thereon. He wanted the Government to insist that Mysore also should be represented on the Committee, as a matter of principle.

Mr. N. MADHAVA RAU said that representation on the Committee was not given merely on geographical considerations. Besides, out of a total acreage of 8 lakhs under tea cultivation in India, there were only 4,000 acres of tea estates in the Mysore State. This was a small fraction of the total area, so that it might not be very necessary on this one score alone to press for special representation. But it should be remembered that the South Indian Planters' Association would safeguard the interests of the planters in the Mysore State also. Besides, nothing was possible for the present as the Act already passed in British India would remain in force for the next five years.

Mr. ALFRED MIDDLETON also supported the measure.

The general principles of the bill were accepted by the House.

VII. General Principles of the Bill to amend the Mysore Limitation Act.

The SECRETARY to GOVERNMENT, GENERAL DEPARTMENT (Mr. M. Venkatesa Iyengar) explained the general principles of the bill as follows:—

Article 11 of the Limitation Act provides for the period of limitation for suits to establish one's right to property attached in execution of a decree. The policy of the Act is to secure speedy settlement of questions of title raised in execution proceedings. So, a period of one year is fixed as the time within which such suit is to be brought. But the article as at present worded admits of delay in the disposal of such claim petitions as orders are required to be made after "investigation." The term "investigation" has given rise to different interpretations: One view is that "after investigation" means after evidence is recorded, and another view, that if the case is posted for evidence and dismissed even for default, it would make the order one passed after investigation though no witnesses have been examined. Further, claim petitions may be filed without any serious idea of pursuing them or they may be allowed to drag on delaying the passing of orders "after investigation." To avoid these

difficulties it is proposed to omit the words "after investigation" in this Article. This will also bring the law into line with that in British India.

Mr. S. RANGARAMIAH, in supporting the measure, said that it was a very desirable step to take. He said that Article 11 of the Schedule of the Act as in force in British India fixed the period of limitation at one year after the date of passing the order—whether this was an *ex parte* order or an order passed after due investigation. In Mysore, however, the article applied only to cases in which claims were disposed of after investigation. But "investigation" involved the examination of witnesses, etc., which would necessarily take a long time. It had been held by certain courts that all this process ought to be gone through, irrespective of the time taken and they calculated the period from the date on which the examination of witnesses, etc., concluded. But Courts had also held the view that in cases where an application was dismissed without any enquiry, the period ought to be calculated as one year from the date of such order. In such cases there was difficulty to the litigant public since all claims would have to be proved before the execution proceedings were disposed of, and this would involve much delay. Personally, therefore, he suggested that if the bill was passed, it should be stipulated that the period in question should be one year from the date of order.

The general principles of the bill were accepted.

VIII. General Principles of the Bill to amend the Mysore Paper Currency Act.

The SECRETARY to GOVERNMENT, GENERAL DEPARTMENT (Mr. M. Venkatesa Iyengar) explained the general principles of the bill as follows:—

Under the Mysore Paper Currency Act, 1919, a currency note issued under any Indian Paper Currency Act shall be legal tender in the State. Till now currency notes were being issued by the Government of India under the Indian

Paper Currency Act. After the establishment of the Reserve Bank of India under the Reserve Bank of India Act, 1934, that Bank has been empowered to issue bank notes in British India and also to issue currency notes of the Government of India supplied to it by the Governor-General in Council. The bank has commenced issuing bank notes and they are in circulation now.

Section 2 of the Mysore Paper Currency Act, 1919, makes only currency notes under the Indian Paper Currency Act for the time being in force in British India to be legal tender. The bank notes of the Reserve Bank would not come under it and they would not be legal tender in Mysore. To make Reserve Bank notes legal tender in the State, it is necessary to amend the Mysore Paper Currency Act, 1919. As the Reserve Bank notes were already in circulation an amendment of the Mysore Paper Currency Act was passed as an emergency measure. It will have force only for six months. It is now proposed to place the amendment permanently on the statute book:

The general principles of the bill were accepted without any discussion.

IX. General Principles of the Money-Lenders' Bill.

The ADDITIONAL SECRETARY to GOVERNMENT (Mr. C. Subrahmanya Iyer) explained the general principles of the bill as follows:—

The question of introducing legislation for the control of money-lending business in order to protect ignorant debtors against fraud and extortion has been under consideration of Government for some time past. The desirability of having legislation in the matter was also being urged both in the Representative Assembly and the Legislative Council. Some leading non-official gentlemen were consulted by Government in 1933 with a view to decide upon the desirability and the form of the legislation. They were generally in favour of legislation and their suggestions have been adopted to the extent they were found suitable. The Royal Commission on Agriculture, the Royal

Commission on Labour and the Banking Enquiry Committee have all recommended legislation for control of money-lending business. Certain of the British Indian Provinces have already taken or are taking action in the matter.

The existing Acts affecting money-lending, *viz.*, Usurious Loans Act and the Agriculturists Relief Act, are not sufficient to give relief to the debtors. They touch only certain portions of the law relating to money-lending and the latter affects only a certain class of debtors, *viz.*, agriculturists. The present bill will apply to money-lending in general. The business of money-lending, as carried on by certain classes of money-lenders, is defective. Regular accounts are not ordinarily kept and receipts are not sometimes given for money paid by the debtors. The interest charged is also high. It is therefore proposed to introduce a bill for the control of the business of money-lending in the interest of many ignorant and illiterate debtors. A reasonable maximum rate of interest that may be allowed by courts is fixed. Provision is made for the safe conduct of the business by requiring proper maintenance of accounts and giving opportunities to the debtors to ascertain periodically the state of the accounts. Provision is also made for registration and licensing of money-lenders. At the same time care is taken to see that the bill does not unnecessarily harass money-lenders and restrict facilities for credit.

Penalties for non-compliance of the provisions of the bill are not hard but reasonable and just sufficient to meet the requirements of the case.

Mr. S. C. MALLIAH enquired whether any licence fee would be levied from the money-lenders and if so what the amount would be.

The FIRST MEMBER (Rajamanthrapravina S. P. Rajagopalachari) replied that they would have to pay registration fees. As regards the amount, he said that it was a matter of detail and would come under rules to be framed under the Act.

Mr. S. C. MALLIAH thanked the Government for having proposed to introduce the important measure and said

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that discussions on it would have been facilitated if copies of the bill had been furnished to the members. He added that members of the House had on many an occasion brought to the notice of the Government that money-lenders were charging usurious rates of interest and that the money-lending business in the State should be controlled by means of legislation. The bill before the House had not come a day too soon.

Continuing, he stated that he had at first feared that this measure would adversely affect the money-lenders doing business on a small scale in the rural parts, because if they were prevented from carrying on their business, it was the raiyats that would be put to great hardship. He was glad to note from the explanation given by the Additional Secretary that there was provision to exempt deserving cases.

On the question of exemptions, he said that it was necessary to make a differentiation between professional money-lenders and the smaller or casual money-lenders in the villages, who deserved some special consideration at the hands of the Government.

In the case of such money-lenders, he was not in favour of the authorities insisting on the maintenance of accounts or even obtaining a licence. As regards interest, he agreed that it was necessary to fix the maximum rates, both for secured and for unsecured debts. In the explanation, the Additional Secretary had mentioned that the maximum rates of interest would be 6 per cent and 9 per cent on secured and unsecured loans respectively. It was not clear up to what amount these rates would apply. He suggested that the rate of interest should be lower in the case of the larger loans. He also suggested that the licence fee should be specified in the Act itself and that it should not be too heavy a levy, so as to be a source of revenue to Government.

Mr. S. P. RAJAGOPALACHARI observed that there was no need for the member to assume that the licence fee would be fixed at an exorbitantly high rate.

Continuing, **Mr. MALLIAH** pointed out that the bill did not seem to have

taken into consideration one particular class of transactions, *viz.*, money-lending on the pledge of jewels. This particular type of transaction, he said, was going on on a very large scale, and requested it to be controlled under the same Act.

Mr. S. P. RAJAGOPALACHARI stated that there was provision for it in the bill already.

Mr. Y. V. MUNISWAMI IYER also supported the bill. He added that the maximum rates of interest should be fixed at not more than 6 per cent in the case of secured loans and 8 per cent in the case of unsecured loans. He had no objection to the Government exercising any kind of control over money-lenders. He was of opinion that they must be forced to maintain accounts and to give receipts for all payments received by them, as otherwise the debtors would be ruined.

Lokasevaniratha Bale SIDDALINGA SETTY, in opposing the measure, said that it was only the Multani and Marwari money-lenders and not the local money-lenders that were charging usurious rates of interest. So it was not just to place the latter in the same category as the former and then proceed to penalise them. On the other hand, the Government should recognise that local money-lenders were rendering service to the people. He did not support the statement of **Mr. S. C. Malliah** that there were a large number of money-lenders in rural parts lending small sums. Most of them were dealing in thousands of rupees. So, if the rural population should be helped, all the money-lenders in the villages should be exempted from this law. In his opinion this was going to be another law which would cause unnecessary hardship to the money-lenders, just as the Income-tax Act was causing untold difficulties to the assesses. Instead of framing a law and making it applicable to all money-lenders, it was better to make it applicable only to those people who were levying exceptionally high rates of interest. It must also be borne in mind that the immediate effect of such a legislation would be that the raiyats would lose the little credit that was

available to them. The Government had informed the House, only the previous day, in another connection that the agricultural indebtedness in the State was somewhere in the neighbourhood of 35 crores of rupees. Government were certainly not in a position to save the raiyats from the clutches of private money-lenders and advance the full amount which might be necessary for that purpose. It was only the money-lenders that could help concerned people in the respective areas. It was not desirable to introduce laws like this and needlessly to interfere with the activities of money-lenders in the State. If full liberty was allowed by Government, but any of the money-lenders took undue advantage of it and tried to cheat Government by evading payments justly due, then the Government would be perfectly right in booking such persons. And the Government might, if necessary, appoint a special officer who might be charged with the responsibility of seeing that such evasions did not take place.

Mr. D. VENKATARAMANAPPA, in supporting the measure, said that the rates proposed to be fixed, *viz.*, 6 per cent and 9 per cent, were quite reasonable.

Mr. T. MADIAH GOWDA supported the bill and said that his (Congress) party welcomed it whole-heartedly. He added that even the member who had opposed the measure had done so for the sole reason that the credit of the raiyat in the rural parts would suffer. He for one would not be sorry if no more credit was available to the raiyat. If the raiyat had been reduced to his present plight, it was because of the credit that was available to him. Wherever there were money-lenders, the raiyats were indebted as the money-lenders themselves would go and tempt them with loans, particularly on occasions like marriages, even if the raiyats did not approach them for loans. With a view to save the raiyats from further indebtedness, it was necessary to limit the credit facilities open to them.

Referring to the statement of Mr. Bale Siddalinga Setty that, if this law was passed, money-lenders would be harassed as income-tax assesseees

were, the speaker said that there was no room for any such fear. If the money-lenders maintained accurate accounts, it would not only satisfy the requirements of the proposed law but would also help them to fight out their case in case the Income-tax Department assessed them too heavily. In this sense, the proposed measure would be a blessing in disguise to the money-lenders also. But it was from the poor people's point of view that the speaker was considering this question, and from that point of view he welcomed the measure as it would keep down the rates of interest as low as possible.

Mr. BALE GOWDA, in further supporting the measure, said that for loans on the pledge of jewels, the rate of interest should not be more than 4 per cent, as the lenders were taking no risks and would have no need to go to court even if the jewels were not redeemed. In all other cases, he suggested that 6 per cent should be prescribed as the maximum rate allowed.

Mr. S. C. BELURIAH also supported the measure. He added that in the case of loans on the security of jewels, the money-lenders were maintaining no accounts and so the proposal to compel all money-lenders to maintain accounts was a very desirable step. He also stated that if the loan was not repaid within the stipulated period, the jewels would not be returned to the parties at all. Thus many poor people had lost their jewels. To put a stop to such things, he suggested that the practice of lending money on the security of jewels should be altogether put an end to.

Mr. N. Bhogi MALLIAH said that stolen jewels were being accepted by the pawn-brokers, even if children offered them, and the money-lenders were insisting on a condition being put in in the document that if within a prescribed time the loan was not repaid, the borrower would forfeit all claim to the jewels pledged. This being very unfair and undesirable, he supported the suggestion made by the previous speaker.

Mr. W. H. HANUMANTHAPPA was emphatically of opinion that all

professional money-lenders and pawn-brokers should be compelled to get themselves registered; and this could be done effectively by making a rule that courts of law would not entertain any suits filed by unregistered money-lenders and pawn-brokers.

Mr. S. P. RAJAGOPALACHARI said that this object could be secured by a provision already made to the effect that no suit filed by a money-lender, whose licence was suspended, could be admitted by any court of law.

Mr. W. H. HANUMANTHAPPA said that he was glad to hear this statement and added that it should also be made a rule that the amount for which a suit should be filed should not include any interest on overdue interest. He then expressed surprise that Mr. Bale Siddalinga Setty had opposed such a wholesome measure.

In conclusion, he quoted a familiar Kannada proverb which meant that no wealth-gatherer would enjoy his riches and no borrower could die a free man; and he appealed to the House to remember the full significance of that saying and extend full support to the measure under discussion.

Mr. Bhupalam R. CHANDRASEKHARAIYA said that honest money-lenders had nothing to fear as the bill would affect only those foreign money-lenders who were doing business on unhealthy lines, like Marwaris and Multanis and who were charging usurious rates of interest. The law as proposed would check such transactions and at the same time help the more reasonable, local money-lenders. For these reasons, he said, the measure deserved the support of the entire House. Mysore being a Kannada country, and the debtors themselves being ignorant of Gujarati or other language in which the foreign money-lenders were at present maintaining accounts, the member suggested that all the money-lenders, whether they were local people or outsiders like Marwaris or Multanis or Natukoti Chetties, be compelled to maintain accounts in Kannada. As regards special cases, exemptions might be necessary and he was glad to learn that

there was provision in the measure to grant the same.

As regards interest, he said that for the present, the Government need not think of fixing the maximum rates. Otherwise, it would become necessary to control the rates charged by private banks and other money-lending concerns including co-operative institutions since, in the first place there were persons who borrowed from such institutions and lent moneys at higher rates, and also for the reason that there ought to be no great disparity between the rates charged by private individuals and corporate bodies.

Mr. CHANNAMARE GOWDA said that no special purpose was going to be served by the proposed licensing of money-lenders. Dishonest money-lenders would continue to be dishonest even if the obtaining of licences was insisted upon. But there were rarely any money-lenders who denied having received amounts repaid by debtors. So, if at all, this system would only mean a needless inconvenience to the money-lenders in having to keep going about to Government offices and incurring expenses. So he was not in favour of the licensing system.

Referring to the suggestion made by some of the previous members that even the maximum rates of interest should not be fixed high, the speaker said that money-lending by private capitalists was exposed to peculiar difficulties. For instance, in the case of transactions by co-operative societies, the institutions could file suits in the Registrar's court, get decrees and collect money without much trouble or expenditure. But that was not so with private money-lenders. They had to resort to civil courts to recover their dues, and especially after the introduction of the Agriculturists' Relief Act and the Debt Conciliation Act, many private money-lenders were not able to collect much at all. If in addition to these difficulties, they were also to be compelled to register themselves and obtain licences, it would only be adding to their difficulties. So, while he was not opposed to the proposed legislation itself, he requested the Government not

to insist upon the money-lenders to obtain licences but to fix the maximum rates of interest leviable by them at a reasonably high level.

Mr. H. M. CHANNABASAPPA supported the measure on the ground that it would not affect honest money-lenders in any way. He was also of opinion that the money-lenders should be made to maintain regular accounts and that agricultural loans, which were generally given by private money-lenders in an accommodative spirit, ought not to be brought within the scope of this measure. Otherwise, he said, there would be a lot of difficulty caused to the raiyat population for want of credit facilities and the results would be disastrous.

Mr. S. P. RAJAGOPALACHARI said that the definition of the term "Money-lender" had been decided upon after examining the definition as given in similar Acts elsewhere and after consulting the High Court; under that definition agriculturists who occasionally lent moneys would not be brought under the operation of this measure unless they carried on money-lending as a business in addition to agriculture.

Mr. KRISHNA RAO GANESHA RAO GURUJAR enquired whether this measure would be applicable to the banking concerns also.

Mr. S. P. RAJAGOPALACHARI replied in the affirmative.

Mr. KRISHNA RAO GANESHA RAO GURUJAR then enquired whether *takavi* loans also would come within the scope of the proposed measure.

Mr. S. P. RAJAGOPALACHARI replied that *takavi* loans were not being given with the object of making any profit and as such they were beyond the scope of the measure.

Mr. KRISHNA RAO GANESHA RAO GURUJAR suggested that 6 per cent and 9 per cent might be the maximum rates of interest for secured and unsecured loans, respectively.

Mr. S. P. RAJAGOPALACHARI said that it was a matter of opinion, but so far as the Government were concerned, they had consulted many authorities on this question and the majority of opinion was in favour of 9 and 12 per

cent for the two kinds of loans referred to.

Mr. MARULAPPA suggested that only those money-lenders who were doing business on a large scale and not all should be compelled to take out licences. He then referred to the question of rates of interest and said that if a debtor owed money to a private money-lender as well as to a co-operative society or bank, and if he was compelled to pay up all the dues to the former, he would have little or nothing to pay the latter. So, if the maximum rates of interest were fixed at a reasonably low level, the debtor would not have to pay much to the private money-lenders, so that he could think of clearing his dues to the society or bank also. Thus, by fixing the maximum rates as suggested, the Government would, in addition to helping indebted persons, be furthering the interests of co-operative institutions also.

Rao Sahib M. RAMASWAMI suggested that the maximum rate of interest to be charged should be specified in the bill itself as, leaving it for the courts to determine the rates of interest would not be of much benefit to anybody.

Mr. S. P. RAJAGOPALACHARI observed that it would not be feasible to fix the rates in the bill itself, because the parties might have executed documents agreeing to pay higher rates. Besides, such a practice was not followed anywhere. Leaving it to the Courts of Law would be the best thing. Otherwise, a creditor, being always in the advantageous position, might advance only Rs. 50 but take a bond for Rs. 100. This would virtually amount to enabling him to charge double the permissible rate of interest.

Mr. M. RAMASWAMI said that this law must be made applicable to co-operative institutions also. Earnest co-operators had already taken up the question of reduction of interest rates, and the present suggestion, if accepted, would render their task easy and make for the convenience of members of the institutions concerned.

Mr. H. K. MADIHA thanked the Government for having proposed to

introduce the measure at a time when the people were groaning under the weight of debt. He did not agree with Mr. Bhupalam R. Chandrasekharaiya's statement that money-lenders would borrow from co-operative institutions and lend to others at higher rates of interest, or his suggestion that with a view to stop it, the interest rates charged by such institutions also should be controlled. He was, however, one with Mr. S. C. Malliah in thinking that the rates of interest should be lower in the case of the heavier loans. Personally he was of the opinion that the maximum rates of interest should not exceed 6 per cent on secured and 8 per cent on unsecured loans.

Mr. MIRZA M. AZIZULLA BEIG welcomed this long-awaited measure. He said that he had tabled a resolution on this question in the previous year and in that connection, the Government had promised to introduce a bill. For having implemented that promise, he thanked the Government.

Referring to the provisions of the bill, he said that licensing of money-lenders would be a wholesome measure. Otherwise it would be a difficult task for the Government to know who were all doing this business and in what places. As regards interest, he would leave it to Government to decide what the maximum should be. One of the speakers had said that no one would borrow from banks for purposes of lending to others; he did not agree with that view. He had himself known of several instances where influential persons did borrow money from banks at cheap rates of interest and lend it to others at 15 to 18 per cent. Personally he was of opinion that on secured loans 6 per cent would be a fair, maximum rate and on unsecured loans, it might be slightly more. There might be practical difficulties in fixing these maxima in the Act itself, but in his opinion they should be overcome. The First Member of Council had remarked that the money-lenders might take bonds from debtors for double the amounts lent, and that such things could not be prevented. Even granting that such things would occur, if only

there was a law, there would be at least some fear on the part of the money-lenders.

Mr. S. P. RAJAGOPALACHARI replied that it was not merely causing fear that a law should aim at, but the law framed should be capable of being enforced.

Mr. MIRZA M. AZIZULLA BEIG repeated that just as the existence of police stations and police officers had the effect of creating a sort of fear in the minds of thieves, so also the law, if enacted, would certainly create some moral fear in the minds of the money-lenders. He was also strongly in favour of bringing pawn-brokers within the operation of this law. He had already brought to notice that many poor people were being ruined by this class of businessmen. Within three months of starting their business, their shops would become veritable exhibition stalls. These people received anything and everything—from old clothes and brass cups to precious jewels—and lent money on their security. This gave ample inducement to unscrupulous people to get at anything they could, pawn it, and raise money for purposes like drinking, witnessing theatres, and so on. If pawn-broking was checked, many questions including that of prohibition would get automatically solved and fewer thefts would take place. He would be glad if the business of pawn-broking was altogether prohibited in the State except for advancing loans on the security of jewels.

Mr. M. MADDIAH (Robertsonpet) said that though the money-lenders sometimes gave receipts for payments received, the parties would not be in a position to know to what account the amount would be credited. Any number of payments made might be adjusted towards penal interest, and in the absence of proper accounts, maintained by themselves, the illiterate people were not in a position to question the action of the money-lenders even when they knew that they were being duped. Even in the cities, accounts were not being maintained properly by money-lenders. It was therefore

desirable that maintenance of accounts should be insisted upon. For this reason he supported the measure.

Mr. MUSTAPHA SAHIB pointed out that in cities like Bangalore and in the K. G. F. area, a peculiar kind of money-lending was going on. A money-lender would lend Rs. 80 and get a bond for Rs. 100, the amount being repayable in 10 instalments of Rs. 10 each. If the party paid one or two instalments and then defaulted, the money-lender would sue for the entire amount of Rs. 100 *plus* interest thereon, instead of for only the balance actually due. The speaker represented that such transactions should be put an end to somehow.

Mr. Rayara KEMPANNA also supported the measure. He did not agree with the view expressed by one of the previous speakers that if the measure was passed, no more credit would be available to poor people. He was also of opinion that the maximum rate of interest on secured loans should not be more than 6 per cent.

Mr. B. L. BYANNA said that though the object underlying this bill was laudable, he was doubtful how far that object could be achieved by it in its present form. Government could enforce the maximum rates only if the cases went up to the courts. But many cases were not going up to the courts, and in such cases there was nothing at present to prevent the money-lenders from charging interest at rates higher than those permitted. This, he hoped, would not be possible if the maximum rates leviable were defined in the Act itself.

Mr. ABDUL JABBAR brought to notice that there were a number of instances in which poor people had been ruined as a result of pawn-brokers suddenly winding up their shops and leaving the place for good with all the jewels and other articles pledged with them. To prevent such things he suggested that all foreign pawn-brokers should be compelled to offer a suitable security before licences were granted to them for starting business.

Mr. MIR MAHOMED SAHIB supported the measure with the obser-

vation that the maximum rate of interest should be stipulated in the Act itself.

Mr. NANJUNDA SETTY said that the minimum size of the transaction falling within the scope of the proposed law should be defined and that the licence fee should be as low as possible. He was of opinion that the maximum rates fixed for secured and unsecured loans, *viz.*, 9 and 12 per cent, were reasonable. With these remarks, he supported the measure. He agreed that the ignorant debtors were being duped in some ways and that the law under discussion should be made use of for putting an end to that.

Mr. JATHARE NAIK pointed out that illiterate people in rural parts were being duped in many ways. They were sometimes induced to affix signatures under the impression that they were only signing as witnesses but later on they would come to realise that they had signed on documents purporting to have been executed by themselves in favour of the money-lenders. He prayed that such things should be prevented in future.

Mr. J. DEVAIYA said that poor people were paying usurious rates of interest in many cases. If a person wanted a loan of Rs. 100, a sum of Rs. 15 would be deducted and the balance of Rs. 85 *less* stamp charges would be given to him, the amount being repayable at the rate of one rupee per day. This, he said, would work out to more than 60 per cent per annum. And, he added, repayments were noted, not on the bond itself, but separately. If the debtor defaulted he would be sued for the entire amount of Rs. 100 *plus* interest, even though he might have repaid as much as Rs. 95 and the balance was only Rs. 5. He requested that such things should be put an end to effectively.

Mr. K. SHAMA IYER said that for a country to prosper, education, health, scientific methods of agriculture and proper prices for the produce grown, were all necessary. If any of these factors were wanting, the raiyats would necessarily have recourse to borrowing. And for this, there must be adequate

facilities, and the rate of interest also should be as low as possible. In this connection, he invited reference to what Mr. Harold Butler had stated in his publication entitled "Problems of Industry in the East," with special reference to the present-day conditions of India :—

"Until the peasant is able to buy the products of the factory, there is not much prospect of any great increase in industrial output finding the necessary market. Further-more, so long as the income of the agriculturist remains at its present low level, there is a perpetual drag upon industrial wages. There is but slight possibility of securing Rs. 44 a month for factory workers, when in many places the income of a family working on the land barely amounts to that for a whole year. With an improvement in agricultural efficiency and income the foundation for an all-round improvement in the standard of living would be laid; and it is difficult to see how it can be done otherwise.

The second principal means by which living standards may be raised is by the exchange of goods to mutual advantage. India's foreign trade is considerable. In gold value it ranks eighth or ninth among the countries of the world. But the *per capita* value is exceedingly small—some 3-4 rupees of imports per head, as compared with nearly ten times that amount in Japan and more than fifty times in British Malaya. This, however, does not mean that India's foreign trade is unimportant. On the contrary, it indicates rather that there are large unexploited possibilities of raising living standards when once the output of India and its absorptive capacity have been increased.

The third means by which the standard of living may be improved is by making it possible for a larger proportion of the total national dividend to go to the poorer sections of the population. This opens a wide field which cannot be explored here. But in one particular direction there is scope for immediate action. This consists in the reduction of indebtedness and the provision of cheaper credit to the agriculturist. Agriculture by its very nature needs credit facilities to carry the peasant over the crop cycle and to provide the minimum of farm equipment. For the great mass of the cultivators the village money-lender is the only recourse. The peasant has little security to offer and a by no means unusual charge for loans is at the rate of one anna per month for every rupee lent, which comes out to interest at 75 per cent per annum. The attempt made in recent years to furnish agricultural credit along co-operative lines has so far done no more than scratch the surface, only some 3 to 5 per cent of the credit required being provided through this agency. These two questions of the reduction of indebtedness and the provision of credit to those on land are pre-occupying most of the Provincial Governments at the present time. Upon their solution depends very considerably any immediate hope of raising the standard of living by a more equitable distribution of income."

From the above extract, he observed, it was clear that unless the position of the agriculturist was improved, the country could not prosper. He did not believe that the local money-lenders

who had the welfare of the country at heart, were charging exorbitant rates of interest. It was only the outsiders who were doing so. To control the latter, the measure under discussion was quite necessary and he had pleasure in supporting it.

Mr. MIR MAHOMED HUSSEIN also supported the measure. He said that in the rural parts, people were not afraid even of the highest officers so much as they were afraid of the Pathan money-lenders. Such was the hold which these foreigners had on the poor people. The measure, if adopted, would rescue people from the clutches of those money-lenders and in this view he hoped that the entire House would support it.

ANOTHER MEMBER remarked, that unless the maximum rate of interest was limited to 6 per cent the law would be of no help to the people at all.

Mr. SYED KHAJA PEERAN pointed out that in certain private banks, interest was to be paid once in three months, and if it was not paid in time, the debtor's account would be debited to the corresponding extent, and the whole amount treated as principal and interest charged on the enhanced amount. That was how very many agriculturists had been ruined. There were instances where people had paid nearly twice the amount of loan by way of interest alone. In all such cases he appealed to Government to provide in the Act a clause under which all future demands on account of interest would be disallowed and all payments made would be adjusted only towards the principal. He also requested that as a matter of convenience to agriculturists, all the banks should be directed to recover interest only once a year and not once a quarter as at present.

Mr. KHAJI SYED YUSUF SAHIB suggested that a clause be added in the proposed law to the effect that the amount mentioned in the bond should be the amount actually lent, and that if it came to the notice of a court that a higher sum was mentioned, the money-lender's licence would be cancelled once for all.

Mr. A. N. RAMA RAU suggested that as in Section 8 of the Agriculturists'

Relief Act provision should be made in this also for compelling money-lenders to record a history of the transactions pertaining to each case; that money-lenders must maintain accounts either in English or in Kannada only, and that for this purpose, if necessary, they should appoint accountants knowing either of these two languages. He did not agree with the view expressed by Rao Sahib M. Ramaswami that co-operative societies also should be brought within the scope of this measure. The object of the measure was to help the people to free themselves from the clutches of private money-lenders who were charging usurious rates of interest and who were not maintaining accounts. But that was not the case with co-operative societies or banks wherein the rates were to be fixed by the committee. Besides, the rates charged by them were not unreasonable; accounts were being maintained properly, and audited and were subject to the inspection of the Registrar also. Not only this. Under the rules which were being issued from time to time in accordance with the recommendations of the Co-operative Enquiry Committee, the work of co-operative institutions was being subjected to even stricter scrutiny than in the past. For these reasons, he said, the proposed measure under discussion ought not to apply to co-operative institutions. He also suggested that in the case of private money-lending, the accounts should be subjected to much stricter scrutiny and audit than in the case of co-operative institutions.

Mr. S. VENKATASWAMI GOWDA was of opinion that the maximum rate of interest to be charged should be limited to 6 per cent. as in Madras.

Mr. S. P. RAJAGOPALACHARI observed that in Madras the rate of 6 per cent. applied only to loans issued under the Agriculturists' Relief Act. But as the measure under discussion would apply to all classes of people, it would not be possible to fix such a low maximum.

Mr. S. VENKATASWAMI GOWDA requested that in that case, the benefit

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of the same maximum rate be extended to agriculturists under this law also.

Referring to the view expressed by Mr. S. C. Malliah that money-lenders lending only small amounts should not be brought under the operation of this law or forced to obtain licences, Mr. VENKATASWAMI GOWDA said that there was no need for any such concession, because it was only these people that charged higher rates of interest than others. He brought to notice that even women were doing money-lending business on a small scale and were collecting interest both in cash and in kind. He suggested that they also must be brought within the scope of this law.

Mr. H. S. SURYANARAYANA RAO said that the money market had become very cheap and it was but fair that private money-lenders also were made to lend at cheap rates. He added that co-operative institutions also must be made to correspondingly reduce their rates so that persons in need of credit might be induced to go to co-operative institutions rather than to private money-lenders.

It should also be laid down that in no case should the interest *plus* penal interest, if any, should exceed 12 per cent on the amount outstanding.

He did not agree with some of the previous speakers who stated that if the bill was passed into law, all credit would be denied to the people. He did not think that the maximum rate permissible need be more than 6 per cent. He suggested that the Mysore Bank and also the co-operative institutions should be made to reduce their maximum rates to 6 per cent.

Having said this, he stated that even if all private money-lenders were compelled to get themselves registered and to obtain licences, the fees on account of the same would only go to add to the burden of the debtor. For this reason he suggested that no fee need be levied whether for registration or for licences, or if a fee was considered absolutely necessary, it should be nominal.

At this stage, the general principles of the bill were put to vote and passed.

The House adjourned for lunch and reassembled at 3-30 p.m.

X. Statement of the General Principles of the Bill to amend the Mysore Patents and Designs Act III of 1925.

The SECRETARY to GOVERNMENT, DEVELOPMENT DEPARTMENT (Mr. M. Venkatanaranappa) explained the general principles of the bill as follows:—

The Mysore Inventions and Designs Act III of 1925 was based on the Indian Patents and Designs Act II of 1911. The Indian Patents and Designs Act II of 1911 has been since amended in 1920, 1923, 1927 and 1930 to suit the changed conditions of the industrial development of the country. It is necessary to bring the Mysore Act into line with the British Indian Act. According to British Indian Act, the term of the Patent has been extended to 16 years instead of 14 years as before. As a result, the renewal fees have been enhanced and the schedule of fees has been suitably amended. It is desirable to adopt the same scale in Mysore also. Section 78-A of the Indian Patents and Designs Act of 1911 as amended by Act VII of 1930 admits of reciprocal arrangements being made with Indian States and recognizes the rights of the legal representatives and assignees of the British Indian applicants to claim priority in Mysore. A similar provision is necessary in the Mysore Law.

The amendments proposed are with a view to bring the Mysore Act into conformity with the British Indian Act.

MR. T. MADIAH GOWDA said that from the point of view of the trade of the State, it was desirable to have a law on the same lines as that in British India. So, he said the general principles of the bill as proposed deserved the support of the entire House.

The general principles of the bill were accepted.

XI. General Principles of the Mysore Juvenile Bill.

The SECRETARY to GOVERNMENT, GENERAL DEPARTMENT (Mr. M.

Venkatesa Iyengar) sought the permission of the House for taking the general principles of the bill into consideration by suspending the rules of business under the Standing Orders about giving 10 days' notice to the members.

The permission having been granted by the House, he explained the general principles of the bill as follows:—

The question of having a Borstal School in the State has been under the consideration of Government for some time past. A committee was constituted in 1936 to examine the desirability and feasibility of starting an institution of the kind and to suggest the legislation necessary to give effect to their proposals. The committee forwarded their report in March 1937. The committee considered it desirable that young offenders should be provided with a place of detention other than the ordinary jail so that they may be reformed. They also forwarded the draft of the necessary legislation. The recommendations of the committee were published for the information of the public and opinions invited.

Government agree that there is need for an institution of this kind. But it is not possible to provide at present the funds required for the introduction of the scheme. It is, however, proposed to proceed with the necessary legislation taking power to bring it into force when finances permit.

The Act deals not only with youthful offenders but also with juveniles who have not committed any offence, but who, owing to want of parental control, bad association or other reasons, need protection and training. "Child" is defined as a person under the age of 14 years, young person as one between 14 and 18 years. A person under the age of 18 years convicted of an offence punishable with transportation or imprisonment may, if the court considers it desirable to detain the youthful offender under instruction and discipline most conducive for his reformation, order his detention in a Borstal School. The Inspector-General of Prisons may, subject to rules framed by Government, direct that any youthful offender undergoing transportation or imprisonment

shall be transferred to a Borstal School. The minimum period of detention in a Borstal School is, fixed at 3 years and the maximum at 5 years. Provision is also made for the discharge after due admonition, or committal to the custody of the parent or guardian, of a youthful offender instead of committal to a Borstal School. Before taking such action the person's age, character and antecedents will be considered. Where a person detained in a Borstal School is reported to be incorrigible, the unexpired portion of the term of his detention may be commuted to imprisonment. Children who are found wandering without a home or associating with any reputed thief or whose parents or guardians are unfit to have their care, may be brought before the court which may order them to be sent to a Borstal School or committed to suitable custody. Provision is made for the establishment of juvenile courts for dealing with charges against juveniles.

Provision is also made for the release of an inmate of a Borstal School on licence, provided he is placed under the supervision of a suitable person or institution willing to take charge of him.

In the interest of the well-being of children and the proper development of their character, provision is made for the punishment of offences against children such as ill-treatment or encouraging them to beg or allowing them to frequent brothels.

The management and control of the Borstal School and the training, educational and industrial, to be given therein, and the control of the inmates will be prescribed by rules under the Act.

Mr. T. MADIAH GOWDA said that in the Mysore State, there were any number of guardianless and uncared for children wandering without a home and there were also young persons between the ages of 14 and 18 with questionable antecedents or no ostensible means of livelihood. This bill was to be welcomed by all interested in the future welfare of such people. With regard to the provision relating to punishment for offences by children, he

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wanted to know whether the punishment would be directed against the children themselves or their parents or guardians.

Mr. M. VENKATESA IYENGAR replied that if innocent children were induced by adults to commit any offences under the proposed Act, such adults also would be punished.

Mr. D. VENKATARAMANAPPA commended the action of Government in introducing this legislation. He said that in Bangalore City were to be found any number of young boys loafing about the streets and resorting to pick-pocketing and other offences. To save the public from danger from such people, the bill was quite necessary. He therefore had great pleasure in supporting it. He hoped that necessary funds would soon be found for establishing a Borstal School and Juvenile Courts very early, if need be by retrenching expenditure in other directions.

Mr. S. C. BELURIAH also supported the measure.

The FIRST MEMBER (Rajamantrapravina S. P. Rajagopalachari) replied that it was the intention of Government to enforce the law as early as possible. Government hoped to make some provision in the next year's budget with a view to making a beginning and developing the scheme gradually.

The general principles of the bill were accepted.

REPRESENTATIONS—contd.

No. 8.—Making the *Thandas* of the Banajara Community model ones.

Mr. JATHARE NAIK, Minorities.

Mr. JATHARE NAIK prayed that three *thandas* of the Banajara community be selected for the present from every district for being made model *thandas*.

The PRESIDENT said that the representation would be borne in mind.

No. 9—Formation of Gudibanda Sub-Taluk into a taluk.

Mr. J. ASWATHANARAYANA RAO, Gudibanda Sub-Taluk.

Mr. J. ASWATHANARAYANA RAO prayed that the Government might be